



# Montana Financial Education Coalition NOTES

— A National Jump\$tart Affiliate —

## First Annual Montana Financial Education Coalition Conference a Success

The first annual Montana Financial Education Conference, hosted by the MFEC, was held on November 9<sup>th</sup> in Helena at the Best Western Great Northern Hotel and Conference Center. Over ninety participants took part in this inaugural event that included presentations by national speakers and statewide leaders on the topic of financial literacy. The exchange of information was as free flowing as the ideas that were generated toward the end of the day.

The conference kicked off the night before with a networking reception where conference attendees and exhibitors had the chance to mingle. Exhibitors included First Interstate Bank, Consumer Credit Counseling Service of Montana, the Montana Guaranteed Student Loan Program, "Free to Spend," and many others who had the opportunity to visit with attendees about programs and materials their organizations are developing and promoting in the arena of personal financial education. Conversations were engaging and lots of information (and doo-dads) were shared.

The conference started with an enthusiastic greeting from Sue Woodrow, MFEC's President and Community Affairs Managing Project Director for the Helena Branch of the Minneapolis Federal Reserve Bank. Ms. Woodrow promised everyone that they would "walk away with lots of new ideas and new partners." Boy, did we ever. National speakers from AARP and the national Jumpstart Coalition for Personal Financial Literacy highlighted the many challenges that specific groups of Americans are trying to cope with when it comes to financial education. Sally Hurme, Issue Coordinator for AARP, shared the challenges that seniors are facing with increasing medical costs and shrinking fixed incomes, stressing the need for our older population to be financially astute in managing their resources. Laura Levine, Executive Director of the National Jumpstart Coalition, highlighted statistics showing that students are seriously lacking in basic financial skills while at the same time are increasingly using credit cards and other financial products. She also made the welcome announcement that the MFEC is now officially an affiliate of the National Jumpstart Coalition. Niel Willardson, senior vice president with the Federal Reserve Bank of Minneapolis, talked about the importance of financially educated consumers in building and sustaining healthy economies.

The luncheon keynote speaker was Dan Iannicola, Jr., the U.S. Treasury's Deputy Assistant Secretary for Financial Education. Mr. Iannicola shared an inspiring presentation on how being financial educated can improve lives. His main theme of "it costs more to be poor" resonated with many audience members. One example he used was of a software engineer who while networking for a software company comes up

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**All MFEC Conference materials and presentations are available at  
[www.minneapolisfed.org/community/MFEC2004](http://www.minneapolisfed.org/community/MFEC2004)**

## CPAs Making A Difference

The Montana Society of Certified Public Accountants (MSCPA), together with the Montana Army National Guard Family Assistance Center, is pleased to launch **OPERATION CPA**, a new statewide program for the families of deployed soldiers.

**OPERATION CPA** is an informational program, designed to provide a forum for military families to ask questions and receive information about financial matters such as taxes, investments, the Soldiers and Sailors Civil Relief Act and more. "We were thrilled when the CPA Society approached us with an offer to help," said Helena area Family Assistance Center Manager, Tasha Herrin. "What our families need right now is information and answers to the many fiduciary questions the deployment of our soldiers has raised."

The Montana National Guard currently has nearly 1100 soldiers on Federal Active Duty. Approximately 400 of these soldiers are serving on Iraq and Afghanistan, with the remainder either preparing

for duty in Iraq or protecting America's home front on United States soil.

"We are very proud of our soldiers and grateful to them and their families," stated MSCPA Executive Director Jane Egan. "So the CPA Society and our members wanted to do something positive for our soldiers and their families." That something positive is a two-prong program featuring town-hall meetings and a military specific web page for Montana soldiers and their families.

So far town-hall-styled meetings are scheduled in Helena, November 30<sup>th</sup>, and Billings, December 6<sup>th</sup>. The CPAs also hope to have meetings in Bozeman, Missoula, Butte and Kalispell in the near future. The meetings will provide a forum for families to ask questions to a CPA both publicly and privately and each person attending will be given a specially designed information packet. "We've worked with the Internal Revenue Service, the Montana Department of Revenue and



CPAs across the state to put together valuable financial information affecting military families," stated Egan. "These packets will serve as a reference tool for the families of deployed soldiers." The packets will also be available at the Family Assistance Centers throughout the state beginning in December.

The MSCPA has also added a page to their website ([www.mscca.org](http://www.mscca.org)) with frequently-asked-questions and links to many other sites that address military financial concerns. "Just knowing who to ask can sometimes be the hardest part of the problem," empathized Egan. "It's our hope to take some of the stress away from these families who have given up so much for all of us."

## Conference Recap Continued:

with an original idea for a piece of new software. The company takes the idea and makes huge profits while the software engineer receives a larger cubicle and minor raise. Iannicola then changed the scenario. This same software engineer, financially educated through his involvement in Junior Achievement in high school, was able to take the same idea and write and implement a business plan, market the software himself and create a software company that rivals his former employer. Not only did Mr. Iannicola engage conference attendees with his outstanding presentation at the conference luncheon, but he also visited Hawthorne Elementary School in Helena later that afternoon to talk with the school's two fifth grade classes about the importance of understanding and managing money well.

Dr. Marsha Goetting from Montana State University Extension Service engaged attendees with energetic exercises testing their knowledge and understanding of Montana consumers' financial issues and challenges, followed by an informative panel presentation of seven diverse Montana financial education initiatives, facilitated by Beki Brandborg, the Homeownership Services Coordinator for the Helena Area Housing Taskforce. The conference ended with an exciting brainstorming session led by Maria Valandra, Vice President with First Interstate Bancsystem, where conference attendees worked in small groups to identify gaps and needs for delivering financial education to key population groups including seniors, women at risk, youth and others. These roundtable discussions generated many ideas that will assist the MFEC board in its upcoming strategic planning for 2005. The ideas brought forth were innovative and forward-thinking. It promises to be another exciting year for the MFEC.

Overall, the conference was very successful in many ways: networking opportunities were extensive, information and ideas were shared and new partnerships were formed. It was a fitting cap to the MFEC's first year of planning and strategizing. Expectations are running high for next year!

## Montana Alliance for Responsible Finance Formed

If you live in one of Montana's larger towns, or watch television, or listen to the radio, chances are you've seen the signs and heard the jingles. *"Easy money! Need cash now? No problem! Fast cash, all you need is a checking account!"* The flashy signs and catchy slogans seem to offer a deal that's almost too good to be true, especially for desperate families trying to make ends meet.

Around the state many of us are becoming aware of families who become trapped in a "two week" loan for a year or longer. This summer a group of consumer advocates, housing counselors, credit unions, legal advocates, credit counselors, and state officials met to discuss solutions to the high cost and high use of payday lending businesses in Montana. Three committees were formed as a result of this meeting:

1. Community-based Payday Loan Alternatives
2. Consumer Education
3. Legislative Reform

If you are interested in finding out more or would like to serve on a committee, please contact the Coordinator for the Montana Alliance for Responsible Finance, Jessie Lundberg of homeWORD in Missoula, at (406) 543-3550 ext. 40 or [jessica@homeword.org](mailto:jessica@homeword.org). Together, we can make a difference!



## Free, Easy Electronic Tax Filing for Earned Income Tax Credit

Once again, Montanans qualifying for Earned Income Tax Credit will be able to electronically file their taxes for free at [www.icanefile.org](http://www.icanefile.org) this tax season. This free service, called I-CAN, is administered through the Montana Legal Services Association (MLSA). Montanans can also prepare their state taxes using this website. Last year, the state of Montana came in second in the nation for the number of I-CAN e-filers.

The Earned Income Tax Credit enables qualifying working families to receive up to \$4,204 from the IRS. By logging onto this website, filers can obtain their money in as little as ten days. Another benefit is that filers can avoid paying interest and filing fees to income tax preparers--which can consume up to half of the tax credit, or taking out refund anticipation loans--which can have annual percentage rates up to 774 percent.

This free and easy to use website provides people with step-by-step instructions on how to electronically file their taxes. For those without Internet access, MLSA has arranged for I-CAN stations available for your use free of charge in various locations across the state, including numerous credit unions, job service offices, libraries, and public assistance and housing authority offices. It's not too late to host an I-CAN station -- if your organization is interested, contact the MLSA. Remember, I-CAN is only available for filers qualifying for earned income tax credit.

Please pass the word on that those interested in using I-CAN to electronically file their 2004 taxes can contact the MLSA for more information - (800) 666-6124, extension 29, or email at [khart@mtlsa.org](mailto:khart@mtlsa.org). They have posters and fliers available for you to distribute or display. Together, we can make a difference!



**Thank you to the following organization for sponsoring this issue of Notes:**

### Montana Society of Certified Public Accountants

NOTES readers are partners in our efforts to share the latest news from the financial education field. The newsletter is published quarterly by the Montana Financial Education Coalition (MFEC). It is designed to keep the MFEC partners informed about what is happening as well as communicating financial education efforts to other interested parties throughout the state.

We welcome your questions and comments. If you are interested in receiving this publication regularly or would like more information on the MFEC, please contact me at [karen@mcun.org](mailto:karen@mcun.org) or Sue Woodrow at [Susan.Woodrow@mpls.frb.org](mailto:Susan.Woodrow@mpls.frb.org).

*Karen Dunn, Editor*

## Avoid the Minimum Payment Trap

"It's so easy to fall into the credit card minimum payment trap. Your bill arrives and you don't have enough money to pay it off. You sigh with relief when you see the minimum payment due and quickly write a check. Next month the same thing happens. Before you know it, you feel trapped into making only the minimum payments every month," says Marsha Goetting, MSU Extension Family Economics Specialist.

"Many Montanans don't realize the true cost of this monthly decision," continues Goetting. "That's why we have available an educational packet 'Credit Cards: Avoid the Minimum Payments Trap.'" One of the tools is a slide card that shows the costs of paying the minimum on your credit cards.

Let's say you have a balance of \$4,000. If you pay only the two percent minimum payment every month, over time you would pay \$13,843, including \$9,843 in interest charges. And, you would have to make payments for 34 years, assuming you don't charge more on your card. However, if you doubled the minimum payment every month you would only be in debt for 10 years and pay \$2,222 in interest, thus saving \$7,621.

Thanks to funding from the First Interstate BancSystem Foundation, Montana Credit Unions for Community Development and the MSU Extension Service, the first 700 Montanans who send their requests will receive the free packet with a slide card that reveals how much you are paying on debt when you only make the minimum payments. Additional tools are available at: <http://www.montana.edu/extensionecon/family/getsmartaboutcredit.html>. To request the packet write Marsha Goetting, P. O. Box 172800, MSU, Bozeman, MT 59717, email: [khayes@montana.edu](mailto:khayes@montana.edu).



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